



J. TYLER McCaULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 28, 2005

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **PATHWAYS, INC. CONTRACT REVIEW – CALWORKS STAGE 1
CHILD CARE SERVICES**

We have completed a contract compliance review of Pathways, Inc. (Pathways or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with Pathways, a private, non-profit, community-based organization that assists parents with child care services. The Agency's services include determining participants' presumptive eligibility, explaining participants' child care options and program rights, providing consumer education information, child care referrals upon request, and paying the daycare service providers. The Agency is located in the First, Second and Third Districts.

DPSS pays Pathways a negotiated rate of approximately \$125 per case per month. DPSS also pays Pathways a fixed monthly fee of approximately \$9,400 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$1 million.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether Pathways provided the services outlined in their Program Statement and County contract. We also evaluated Pathways' ability to achieve planned service and staffing levels. Our monitoring visit included a review of Agency's billing statements, participant case files, provider files, provider payment requests, time records, and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

Results of Review

Overall, Pathways provided services required by the County contract using the appropriate number of staff. The program participants stated that the services they received from Pathways generally met their expectations. In addition, Pathways staff possessed the qualifications required by the County contract.

The details of our review are attached.

Review of Report

On September 27, 2005, we discussed our report with Pathways' management who concurred with our report. In their attached response, Pathways' management indicates agreement with our report. We also notified DPSS of the results of our review.

We thank Pathways for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Duane Dennis, Executive Director, Pathways, Inc.
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING DIVISION
CalWORKs STAGE 1 CHILD CARE PROGRAM
FISCAL YEAR 2004-2005
PATHWAY, INC.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Pathways, Inc. (Pathways or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed 60 program participant cases assigned to Pathways during February and March 2005 to verify that the program participants were eligible to receive child care services and the Agency complied with the County contract. We also interviewed 51 program participants and 51 daycare providers to ensure that the participant and the providers received the child care services. Our sample represented \$14,950 (9%) of \$165,318 that Pathways billed the Department of Public Social Services (DPSS) for the review period.

Results

Pathways provided childcare referrals required by the County contract. All 60 cases reviewed contained documentation to support that the participants were eligible to receive program services. In addition, participants interviewed stated that the services generally met their expectations and that Pathways explained participant's child care options, program rights and provided consumer education information. The service providers interviewed also stated that Pathways authorized and paid for child care services timely.

Recommendation

There are no recommendations for this section.

STAFFING/CASELOAD LEVELS

Objective

Determine whether Pathways' actual service and staffing met the staffing levels required by the County contract.

Verification

We interviewed 10 Pathways' staff and reviewed Pathways' employee roster. In addition, we reviewed invoices for February and March 2005 and compared them to the Agency's proposed service levels for the same period.

Results

Pathways' reported service levels for the period averaged 664 participant cases per month. This represents a decrease of 29% from the budgeted participant service levels of 934 participant cases per month. The decrease was due to a reduction in the number of cases referred to the Agency by DPSS. The Agency's actual staffing levels of 20 Full Time Equivalent (FTE) staff were 20% below the planned staffing levels of 25 FTE staff. The Agency indicated that the staffing levels are monitored to be consistent with the changes in the service levels.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether Pathways' staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files for 10 of the 39 staff for documentation to confirm staff qualifications.

Results

Each staff sampled possessed the required employment eligibility verification, training, reading, writing and language requirements identified in the contract.

Recommendation

There are no recommendations for this section.



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October 5, 2005

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in agreement with the outcome of no findings. We want to take this opportunity to thank you for your attention and quick response to our review.

Please call me if you have any questions at (213) 427-2700.

Sincerely,

A handwritten signature in cursive script that reads "Duane Dennis".

Duane Dennis
Executive Director, Pathways